

Message Text

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ACTION EUR-12

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FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 2570
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INFO AMEMBASSY BONN
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E.O.11652:N/A
TAGS:EEWT, EMIN, GW, FR, UR
SUBJECT: SAYANSK ALUMINUM SMELTER

REF: (A) USDOC 8023, (B) MOSCOW 7628, (C) MOSCOW 6988

SUMMARY: SOVIETS TELL US THAT SAYANSK PROJECT CONTRACT
WILL BE SIGNED SOON. DEPUTY MINISTER OF FOREIGN TRADE
SUSHKOV, FRESHLY RETURNED FROM FRANCE, STATES THAT PECHINE
HAS IMPROVED ITS BID BUT THAT SOVIETS WILL AWAIT ANSWERS
PUT TO ALCOA BEFORE DECIDING WHICH BID TO ACCEPT.
EMBASSY SUGGESTS THAT DEPARTMENT/USDOC RAISE SUBJECT
WITH SUSHKOV WHEN HE IS IN WASHINGTON AND INFORM ALCOA
OF SUBSTANCE OF THIS MESSAGE. END SUMMARY.

1. A/DAS STROH, ACCOMPANIED BY E/C COUNSELOR, MET WITH
SUSHKOV JUNE 2 UPON HIS RETURN FROM FRANCE. SUSHKOV
REMARKED THAT SOVIETS ARE WAITING A "NEW PROPOSAL" FROM
ALCOA ON SAYANSK ALUMINUM SMELTER CONTRACT. HE STATED,
WITHOUT ELABORATION, THAT FRENCH COMPETITION (PECHINEY)
HAD "IMPROVED" ITS OWN BID. PROJECT IS REACHING POINT OF
DECISION, HE SAID. SUSHKOV EXPLAINED THAT ALCOA'S
TECHNOLOGY IS MORE EXPENSIVE, REQUIRING ADDITIONAL
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COMPONENTS, BUT HE ACKNOWLEDGED THAT IT ALSO HAS
ADVANTAGES. SUSHKOV SAID THAT SOVIETS WOULD AWAIT
ALCOA'S RESPONSE BEFORE AWARDING CONTRACT.

2. PREVIOUS TO THIS DISCUSSION, E/C COUNSELOR MENTIONED
OUR INTEREST IN ALCOA'S BID FOR SAYANSK PROJECT TO DEPUTY
MINISTER OF FOREIGN TRADE KOMAROV AT RECENT RECEPTION

GIVEN BY ARMAND HAMMER IN MOSCOW. KOMAROV RESPONDED BRUSQUELY AND NON-SUBSTANTIVELY TO THIS APPROACH, INDICATING HE DID NOT WISH TO DISCUSS SUBJECT. COUNSELOR MENTIONED THIS NON-CONVERSATION TO MFT AMERICAN COUNTRIES DEPARTMENT DEPUTY DIRECTOR, MEL'NIKOV, ON MAY 31.

MEL'NIKOV REPLIED THAT HE THOUGHT THAT DEPUTY MINISTER SUSHKOV WAS ACTUALLY HANDLING THE SUBJECT, RATHER THAN KOMAROV, SINCE IT IS, IN HIS WORDS, A COMPENSATION PROJECT

3. GERMAN EMBASSY E/C MINISTER RECENTLY MENTIONED THAT KLOECKNER HAS NOT ABANDONED ITS INTEREST IN THIS BID, EVEN THOUGH GERMAN EMBASSY WAS INSTRUCTED BY BONN (MONTHS AGO) TO TAKE NO FURTHER ACTION TO SUPPORT THE BID.

4. COMMENT: IT WILL BE RECALLED (REF C) THAT WHEN AMBASSADOR RAISED SUBJECT OF SAYANSK WITH MINISTER OF FOREIGN TRADE PATOLICHEV ON APRIL 6, PATOLICHEV REFERRED, PERHAPS ONLY HALF IN JEST, TO A CONTEST BETWEEN KOMAROV SUPPORTING PECHINEY AND SUSHKOV "FIGHTING FOR YOUR COMPANY." (WE, OF COURSE, HAVE PASSED THIS ON TO SUSHKOV, WHO CHUCKLED.) USDOC AND THE DEPARTMENT MAY WISH TO REFER TO SUBJECT WHEN SUSHKOV IS IN WASHINGTON WITH MINISTER OF THE CHEMICAL INDUSTRY KOSTANDOV LATER THIS MONTH. MATLOCK

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